

# STATE OF COLORADO

## Colorado General Assembly

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### MEMORANDUM

**TO:** Jon Caldara and Jerry Sonnenberg  
**FROM:** Legislative Council Staff and Office of Legislative Legal Services  
**DATE:** April 5, 2021  
**SUBJECT:** Proposed initiative measure 2021-2022 #31, concerning State Income Tax Rate Reduction

Section 1-40-105 (1), Colorado Revised Statutes, requires the directors of the Colorado Legislative Council and the Office of Legislative Legal Services to "review and comment" on initiative petitions for proposed laws and amendments to the Colorado constitution. We hereby submit our comments to you regarding the appended proposed initiative.

The purpose of this statutory requirement of the directors of Legislative Council and the Office of Legislative Legal Services is to provide comments intended to aid proponents in determining the language of their proposal and to avail the public of knowledge of the contents of the proposal. Our first objective is to be sure we understand your intent and your objective in proposing the amendment. We hope that the statements and questions contained in this memorandum will provide a basis for discussion and understanding of the proposal.

This initiative was submitted with proposed initiative 2021-2022 #30. The comments and questions raised in this memorandum will not include comments and questions that were addressed in the memorandum for proposed initiative 2021-2022 #30, except as necessary to fully understand the issues raised by the revised proposed initiative. Comments and questions addressed in the memorandum for proposed initiative 2021-2022 #30 may also be relevant, and those questions and comments are hereby incorporated by reference in this memorandum.

## **Purposes**

The major purposes of the proposed amendment to the Colorado Revised Statutes appear to be:

1. To reduce both the individual and the corporate state income tax rate from 4.55% to 4.40%.

## **Substantive Comments and Questions**

The proposed initiative raises the following question:

1. Section 39-22-627 (1)(a) reduces the state income tax rate to 4.50% under certain circumstances when the state is required to issue a TABOR refund. How does the proposed tax rate of 4.40% interact with this refund mechanism?

## **Technical Comments**

There are no new technical comments.